

2-128A035

ITEL

May 6, 1992

IteI Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

RECORDATION NO. **17792** FILED MAY 7 1992 -4 05 PM

INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: 1) Class II and III Railroad Per Diem Lease ("Lease")
2) Schedule No. 1

Dear Mr. Strickland:

On behalf of IteI Rail Corporation, the above instruments, in three (3) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$32 recordation fee.

Please record the Lease dated as of May 5, 1992, between IteI Rail Corporation and Brownsville and Rio Grande International Railroad, under a new recordation number. Please record Schedule No. 1 under the new recordation number assigned to the Lease.

The parties to the aforementioned instrument are listed below:

IteI Rail Corporation
550 California Street
San Francisco, California 94104

(Lessor)

Brownsville and Rio Grande International Railroad
Post Office Box 3818
Brownsville, Texas 78523-3818

(Lessee)

MAY 7 3 53 PM '92
MOTOR OPERATING UNIT

The Lease sets forth terms and conditions by which railcars are leased. Schedule 1 adds to the Lease fifty (50) 4650-4750 cubic foot LO grain cars bearing reporting marks BRG 100-149.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Assistant

MAY 7 1992 -4 05 PM

SCHEDULE NO. 1

INTERSTATE COMMERCE COMMISSION

This Schedule No. 1 to that certain Lease Agreement (the "Agreement") made as of May 5, 1992 between **ITEL RAIL CORPORATION** ("Lessor") and **BROWNSVILLE AND RIO GRANDE INTERNATIONAL RAILROAD** ("Lessee") is made as of May 5, 1992.

Lessor and Lessee agree as follows:

1. **Capitalized Terms:** All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1 except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. **Cars Leased:** Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Reporting Marks and Numbers	Cubic Capacity	Length	Outside Width	Height	No. of Cars
L0	Grain Cars	BRG 100-149	4650-4750 cubic feet	58'0"- 60'1"	10'6"- 10'7"	13'5"- 13'10"	50

3. The parties agree that the cars are to be used in grain (STCC 0113900) service only and shall not be used for the shipment of any other commodity without Lessor's written consent.
4. **"Expiration Date":** The date which is two years from the earlier of (i) the date on which the last Car described on this Schedule is marked with Lessee's reporting marks or (ii) 120 days from the date on which the first of the Cars described in this Schedule is physically interchanged onto Lessee's lines. The Expiration Date shall be documented on the Certificate of Delivery.
5. **Record Keeper:** Itel Rail Corporation
550 California Street
San Francisco, CA 94104
6. **Party Responsible for Maintenance:** Lessor
7. **Average Number of Miles Per Day:** 120
8. **Party Responsible for Revenue Bill Movement, if any, to Lessee's Lines Prior to Initial Loading:** Lessee

9. **Rent:**

- (a) **"Base Rent"** means the dollar amount for any calendar year (or applicable portion thereof) which equals the Hourly Revenues (as defined in Section 12.A.(iii) of the Agreement) the Cars on this Schedule would have earned in the aggregate during such calendar year (or applicable portion thereof) if such Cars had been on railroad lines other than Eligible Lines for days during such calendar year, with each Car traveling miles per day and with each Car earning Hourly Revenues at the Revenue Rates (as defined in Section 12.A.(ii) of the Agreement).

(b) **Rent Prior to Initial Loading**

Lessee shall pay rent to Lessor for each Car equal to all Revenues earned by such Car prior to its Initial Loading.

(c) **Rent After the Initial Loading**

Lessee shall pay rent to Lessor for each Car after its Initial Loading calculated as follows:

- (i) If Hourly Revenues earned from all Cars on this Schedule in any calendar year or applicable portion thereof are equal to or less than the Base Rent, Lessor shall retain a sum equal to of such Hourly Revenues.
- (ii) If Hourly Revenues earned from all Cars on this Schedule in any calendar year or applicable portion thereof exceed the Base Rent, Lessor shall retain an amount equal to the Base Rent plus of such Hourly Revenues in excess of the Base Rent and Lessee shall be entitled to of Hourly Revenues received in excess of Base Rent ("Lessee's Revenue Share"); provided, however, that Lessor shall retain all Hourly Revenues earned from all Cars on this Schedule after Initial Loading until the total amount of what otherwise would be Lessee's Revenue Share shall have become equal to Lessor's expenses, if any, for remarking and delivering such Cars to Lessee.
- (iii) Lessor shall be entitled to and shall retain of Mileage Revenues earned from the Cars.

10. **Minimum Rent:**

- (a) **"Minimum Rent"** means the dollar amount for any calendar quarter (or applicable portion thereof) which equals the Hourly Revenues the Cars on this Schedule would have earned in the aggregate during such quarter (or applicable portion thereof) if such Cars had been on railroad lines other than Eligible Lines for days during such quarter, with each Car traveling miles per day and with each Car earning Revenues at the Revenue Rates.


(b) If Revenues are Less Than Minimum Rent

If, with respect to the Cars on this Schedule during any calendar quarter, Hourly Revenues received by Lessor for such Cars are less than the Minimum Rent for such Cars, then Lessor may so notify Lessee. In such event, Lessor may terminate the lease with respect to all or any of the Cars on this Schedule upon not less than 30 days written notice to Lessee at any time during the Agreement.

11. Restitution Relating to Rule 120:

If the AAR Mechanical Inspection Department determines that restitution is due owners of equipment repaired at Lessee's facilities, Lessee shall make restitution to Lessor in accordance with Interchange Rule 120 for any Car repaired at Lessee's facilities even though such Car bears Lessee's marks.

ITEL RAIL CORPORATION, Lessor

By: 
Title: Vice President, Finance
Date: May 5, 1992

**BROWNSVILLE AND RIO GRANDE
INTERNATIONAL RAILROAD, Lessee**


By: 
Title: PRESIDENT & CHIEF OPERATING OFFICER
Date: MAY 1, 1992

EXHIBIT A TO SCHEDULE NO. 1

RUNNING REPAIRS

COVERED HOPPERS

Angle Cocks	Wheel Assemblies
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	Outlet Gate Repair (Not Gate Replacement)
Hand Brakes	Hatch Cover Repair (Not Replacement of Hatch Cover)
Brake Beams and Levers	
Truck Springs	